



Background

Reason to Trade Power

Persistent imbalance between supply and demand

Activity Comes with Risks

Price

Volume

Regulatory

Credit

Operational

Wholesale Energy Risk Management

Policies Needed to Manage Exposure

WERM Policy - Key Revisions

Addresses Major Recommendations of Deloitte Review

- Adds explicit roles for Accounting, Law, and IT in risk management
- Clarifies Risk Oversight's role in long-term contracts and REC trading
- Improves language on credit policies, methodologies, and procedures

Risk Oversight Council (ROC)

- Redefines the ROC structure and rules regarding quorum, attendance, voting, and delegation to improve its effectiveness
- Adds the Financial Planning Division to provide additional balance

Deal Review Process

- Clarifies and improves deal review and control process
- Adds language to ensure continued compliance with policies under new business processes and new trading support software

Product Naming and Definition

- Provides clearer definition of products to ensures better understanding by the trading desks of allowable trades

5% Tail Risk - Hedge Curve (Example Only)

